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TO RUEHC/SECSTATE WASHDC IMMEDIATE 7432  
INFO RUEHBJ/AMEMBASSY BEIJING 7461  
RUEHUL/AMEMBASSY SEOUL 9055  
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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 002518

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E.O. 12958: DECL: 11/20/2017

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SUBJECT: PRESIDENTIAL OFFICE SECRETARY GENERAL YEH CHU-LAN  
ON ELECTIONS, CROSS-STRAIT RELATIONS, AND UN REFERENDUM

Classified By: AIT Director Stephen M. Young,  
Reasons: 1.4 (b/d)

11. (C) Summary: Presidential Office Secretary General Yeh Chu-lan stressed to the Director on November 20 that, regardless of the outcome, President Chen Shui-bian will produce no "surprises" between the presidential election next March and the inauguration of the new president in May. Yeh said that DPP candidate Frank Hsieh is realistic and pragmatic on cross-strait economic policy, but demurred at acknowledging differences between Hsieh and Chen. Yeh criticized KMT opposition to the Central Election Commission decision on "one-stage" voting procedures for the combined Legislative Yuan (LY) elections and referenda on January 12, predicting the KMT will not succeed in its plan to defy the CEC and use "two-stage" voting in cities and counties it governs. Yeh was confident Hsieh will defeat Ma in the presidential election because Ma lacks sustained experience and rapport with the ordinary people of Taiwan. End Summary.

12. (C) In a meeting with Presidential Office Secretary General Yeh Chu-lan on November 20, the Director noted PRC President Hu Jintao's relatively moderate comments about Taiwan at the recent 17th Party Congress. Hu's remarks may have been intended for Taiwan's future president, the Director suggested. In the near term, however, Beijing remains concerned about the UN referendum and the possibility of new "surprises" from President Chen between the election (March 22) and the time he leaves office (May 20). Beijing does not trust President Chen, the Director added.

No Post-Election "Surprises" from President Chen  
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13. (C) Under President Hu Jintao, Beijing has become smarter and has learned it is more effective to exert pressure on Taiwan through the U.S. rather than directly, Yeh asserted. Despite close interaction, there is not always sufficient mutual understanding between the U.S. and Taiwan. If the U.S. understood the collegial culture of the DPP and the resilience of Taiwan's society, it would realize that President Chen will not be in a position to launch new initiatives after the election of a new president. Yeh stressed that the U.S. has no need to worry that Chen could do something unexpected between the election and the

inauguration.

#### Beijing's Skewed Understanding of Taiwan

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14. (C) Yeh believes China understands the Taiwan of the past as represented by Honorary KMT Chairman Lien Chan and People First Party Chairman James Soong. However, Beijing has only a superficial understanding of today's Taiwan based on the situation in Taipei and information from the Taiwan media. Even if the Chinese can see some of Taiwan's underlying reality, they will tend to deny what they do not want to see.

Beijing needs to open communication with the DPP as the ruling party and not limit contact to opposition leaders.

15. (C) Yeh expressed hope that future PRC leaders will have a more global perspective and understand the need for changes in China's system. The Director expressed optimism that as China continues to develop economically, it will eventually move away from authoritarianism as other countries have done.

Because this is a long-term process, however, Taipei needs to be patient and careful and it should not try to solve quickly the complicated issue of Taiwan's final status, the Director stressed.

16. (C) Yeh said she was also optimistic that, following a revolution in thinking, China will change in a positive direction. Taiwan and China have gained useful experience over the past seven years about how to deal with each other, she noted, adding that Taiwan needs to continue this learning process.

#### Cross-Strait Economic Policy

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17. (C) Economic relations are a good starting point in developing cross-Strait relations, Yeh observed, and DPP candidate Frank Hsieh's recent statements on cross-Strait economic policy have been very pragmatic. Yeh downplayed apparent differences between Hsieh and President Chen over liberalizing cross-Strait investment restrictions. Hsieh believes investment proposals should be reviewed on a case-by-case basis rather than applying a fixed 40 percent limit. Although President Chen has stressed he will retain the 40 percent limit while in office, he has already allowed flexibility in some cases. Hsieh, who is realistic and practical, recognizes the importance of maintaining Taiwan autonomy, but he also realizes that this cannot be the sole consideration. Asked if Hsieh and Chen were playing "good cop" and "bad cop," Yeh declined to answer directly but stressed that Chen and Hsieh are "good friends."

#### Defining the "Former President" Role in Taiwan

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18. (C) According to Yeh, pan-Green unity is now good as many Taiwan Solidarity Union (TSU) district candidates have either switched to the DPP or dropped out of their Legislative Yuan (LY) races. While former President Lee Teng-hui, the TSU's spiritual leader, is unhappy, politics is a realistic business. Yeh predicted that Chen will not follow the example of Lee Teng-hui, who couldn't keep his hand out of politics after leaving the presidency. Taiwan experienced its first transition of power from one party to another in 2000. At the time, Lee was concerned about the DPP's inexperience and, out of good intentions, offered advice to help Chen, who was happy to have the benefit of Lee's experience at the beginning of his first term.

Unfortunately, Lee later became too deeply involved in partisan politics with the TSU. Chen will learn from Lee's mistake, Yeh suggested, adding that Chen will be focused on family, including grandchildren, and friends, and will also want to visit other countries. (Comment: We're not so sure.

End Comment.)

## UN Referenda

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¶9. (C) Yeh criticized KMT opposition to the November 16 Central Election Commission (CEC) decision to adopt a one-stage process in voting for LY elections and referenda on January 12. The two-stage process advocated by the KMT, she argued, would inconvenience voters, who would have to line up twice, once to receive LY election ballots and once to vote on the referenda. The standard practice in Taiwan (other than in the 2004 election), she explained, has been to distribute all ballots together when more than one election takes place at the same time. When the two-stage process was used in 2004 for the defensive referendum, there were people who left polling stations after voting for the president without realizing there was a separate vote for the referendum. In some cases, this problem was exacerbated because voting for the president and for the referendum took place in separate school classrooms. KMT threats to defy the CEC in the cities and counties its controls will not succeed, Yeh predicted, recalling how the central government had reversed KMT Taipei County Magistrate Chou Hsi-wei's order to promote police officers in defiance of central government objections. Teachers and local officials are paid by the central government, Yeh stressed.

¶10. (C) The DPP is not opposed to people voting on both the DPP and KMT UN referenda, Yeh continued. The KMT cannot defend its opposition to voting on a referendum as democratic, she argued. Taiwan citizens can vote to choose their president. Why should they be prevented from voting for a referendum on a policy proposal? Noting that 2.7 million people have signed the DPP UN referendum drive, Yeh suggested that the referendum will pass if each of these people brings two friends or relatives to vote for the referendum on election day.

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## Swing Voters

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¶11. (C) Asked about swing voters in Taiwan, Yeh characterized this group as people who support a particular candidate but do not identify with a political party. For example, swing voters may dislike President Chen but support Frank Hsieh because he has an attractive personality. Yeh expressed confidence that as a Hakka herself, she will be able to boost support for Frank Hsieh in the traditionally pro-Blue Hakka areas of northern Taiwan. Yeh added that the DPP has substantially increased its support in these areas since 2000.

## Kaohsiung Mayor Chen Chu's Legal Victory

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¶12. (C) According to Yeh, the significance of Kaohsiung Mayor Chen Chu's November 16 victory on appeal in the election nullification lawsuit is that the DPP will not have to go through the difficult process of preparing for another mayoral election and the Chen Chu administration will be able focus on doing its work smoothly. Approval of Mayor Chen Chu's performance should rise, which will boost the morale of DPP voters in the city.

## Presidential Election Polling

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¶13. (C) Yeh acknowledged that Frank Hsieh lags behind KMT candidate Ma Ying-jeou in public opinion polls, but said the DPP, based on experience, is always optimistic it can catch up when the polling gap is within 20 percent. There is a large "undecided" group in public opinion polls, Yeh pointed out, and DPP supporters are undercounted because many do not respond to poll takers. Some poll results are clearly

unreasonable, she added, for example, a poll that shows Hsieh trailing Ma by 20 percent in Kaohsiung, where Hsieh remains very popular.

#### KMT Candidate Ma Ying-jeou: The Fortunate Son

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¶14. (C) The DPP takes Ma Ying-jeou seriously, Yeh said, adding that Ma is more conscientious than the KMT candidate in the last two elections, Lien Chan, who was lazy. The DPP is confident, however, that Hsieh will defeat Ma because Ma lacks sustained experience and rapport with the common people of Taiwan. Ma grew up in an elite family in Taipei and was groomed as a future KMT star by his father and the party. After being sent overseas to study, Ma returned to serve in high government positions. Prior to the current campaign, Ma had little contact with ordinary Taiwanese, Yeh observed. Even his current campaign activities are similar to shooting a film. Ma acts like a guest and does not understand reality. In contrast to Ma, Yeh noted, Hsieh grew up in a poor family, endured hardship, and began his political career at the bottom as a human rights lawyer and Taipei city council member.

#### Comment

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¶15. (C) A close supporter of Frank Hsieh, Yeh Chu-lan may well be named premier if Hsieh wins the presidential election next March. She has clearly been placed in the Presidential Office to provide a constant bridge between Chen Shui-bian and Frank Hsieh.  
YOUNG